

REBUTTAL TESTIMONY
OF
P. RODNEY BLEVINS
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2020-125-E

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **POSITION.**

3 A. My name is Rodney Blevins, and I serve as President of Dominion
4 Energy South Carolina, Inc. (“DESC” or the “Company”).¹ My business
5 address is 400 Otarre Parkway, Cayce, South Carolina.

6 **Q. ARE YOU THE SAME P. RODNEY BLEVINS WHO PREVIOUSLY**
7 **SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?**

8 A. I am.

9 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

10 A. The primary purpose of my rebuttal testimony is to follow up on issues
11 raised in the night hearings in this matter. Those issues are principally related
12 to the hardship many customers are experiencing in paying their bills in light

¹ In April 2019, SCE&G changed its name to Dominion Energy South Carolina, Inc. as a result of the acquisition of SCANA Corporation by Dominion Energy, Inc. For consistency, I use “DESC” to refer to the Company both before and after this name change.

1 of current economic conditions. I will also discuss why the Company filed
2 the case when it did and seeks the Commission's support in pursuing it to a
3 fair and reasonable conclusion.

4 **Q. WHAT IS THE COMPANY'S RESPONSE TO THE ISSUES RAISED**
5 **IN THE NIGHT HEARINGS CONCERNING THE HARDSHIPS**
6 **MANY CUSTOMERS ARE FACING?**

7 A. There are several things I would like to say here. First, I want DESC's
8 customers to understand that my team and I were listening during the night
9 hearings. Your concerns matter to us.

10 We understand that many people are struggling economically. That
11 is very clear. Many of the people who spoke at the night hearings, or who
12 had others speak for them, were elderly or disabled or had recently lost jobs.
13 In most cases, it is not just utility bills that are the problem. Economically
14 vulnerable people need housing and transportation assistance, food banks,
15 medical and pharmacy assistance, and other sources of support.

16 As you know, during the night hearings we staffed a special customer
17 assistance call center so people who needed help could get connected with
18 the assistance we offer right away. A number of people took us up on the
19 offer of assistance, and many of them began the process of connecting with
20 assistance programs that night. Our customer assistance personnel are skilled

1 at connecting distressed customers with all forms of assistance. That is what
2 they do and do well.

3 Cristina Freeman is the head of customer assistance for DESC. There
4 is no finer employee in this company. She and her team work with a network
5 of state, federal and local low-income assistance providers, as well as church
6 groups and other charities, to connect vulnerable customers to get the help
7 they need so that they can pay their bills. That is always our goal when
8 assisting customers who are having trouble paying their bills. We want to
9 find help for them to catch up on their bills and stay connected to the
10 Company's service.

11 **Q. MANY CUSTOMERS TESTIFIED AT THE NIGHT HEARINGS**
12 **THAT THE RATE INCREASE REQUEST WAS UNFAIR BECAUSE**
13 **THEY WERE ON FIXED INCOMES PROVIDED BY SOCIAL**
14 **SECURITY OR DISABILITY PROGRAMS. HOW DO THE RATE**
15 **INCREASES REQUESTED HERE COMPARE TO THE COST OF**
16 **LIVING ADJUSTMENTS UNDER THOSE PROGRAMS?**

17 **A.** I understand that if you are living on a fixed income, it may not be
18 important to you how an increase in a particular bill compares to cost of
19 living adjustments ("COLAs") under Social Security or inflation generally
20 in the economy. But it is important for the Commission to recognize that
21 DESC has controlled costs well during this period. Current rates are 9.27%

1 less, excluding new nuclear charges, than they were in 2012 when the last
2 rate increase was granted. The rate increase we request here is 7.75%, and if
3 granted, rates will still be lower than they were in 2012.

4 During that same period, since 2013, the Consumer Price Index
5 increased by approximately 13%, and the Producer Price Index increased by
6 approximately 10%, while the cost of living increase under Social Security
7 and related Federal programs has been approximately 11%.

8 **Q. CUSTOMERS TESTIFIED AT THE NIGHT HEARINGS THAT**
9 **DESC'S RATES ARE OUT OF LINE WITH NATIONAL**
10 **AVERAGES. HOW DO YOU RESPOND?**

11 A. This is not the case. In his rebuttal testimony, Company witness Mr.
12 Rooks provides a comparison of our customers' bills with national and
13 regional averages. His charts provide an accurate comparison.

14 **Q. WHAT IS THE SOURCE OF THIS CONFUSION?**

15 A. Often people confuse electric bills with electric rates. Electric bills in
16 South Carolina reflect the fact that our climate makes electric heat pumps a
17 very efficient way for customers to heat their homes during the winter. That
18 is not true to the same degree in other states to the north where homes are
19 often heated with gas. At the same time, we have enough cold weather for
20 winter electric usage to be higher in the winter here than in states to the south,
21 and enough air conditioning demand for our electric usage in the summer to

1 be higher than states to the north. Bills in South Carolina are driven by usage
2 patterns, reflecting the unique climate characteristics and most efficient
3 choice of energy source, which is often electricity.

4 **Q. MANY CUSTOMERS TESTIFIED AT THE NIGHT HEARINGS**
5 **THAT THEY WERE UPSET THAT THE COMPANY WOULD FILE**
6 **A RATE CASE DURING A PANDEMIC. HOW DO YOU RESPOND?**

7 A. I understand why that perception exists and am completely
8 sympathetic to the concerns that underlie it. But there is another, longer-term
9 perspective that we must keep in mind as well. Let me explain.

10 Our ultimate responsibility to our customers is to be good stewards of
11 this utility system for them, today and in the future. To ensure the system we
12 operate will be the safe, reliable and efficient electric system that our
13 customers expect and deserve, continued investment in that system is
14 necessary.

15 The electric rates the Commission set in 2012 do not allow us to
16 recover the full costs of providing service to customers today. This gap will
17 only widen as time goes on. As Company witness Mr. Fetter testifies, long
18 term, the system cannot be supported with current rates. That is an economic
19 reality. As explained in my direct testimony, since 2011 the Company has
20 invested approximately \$3.2 billion in projects required to protect and
21 expand the system and meet the needs of customers. This \$3.2 billion

1 investment is a major reason that rates set in 2012 do not cover the cost of
2 providing service today.

3 The investments we plan to make in our system going forward in
4 2021, 2022 and beyond will be equally necessary to protect the interest that
5 all South Carolinians share in a robust economy, an attractive quality of life
6 and a secure and reliable source of energy for the long term. Again, as Mr.
7 Fetter testifies, in the long run, investments in the utility system can only be
8 made if rates are sufficient to provide for them.

9 **Q. BUT WHY NOT DELAY THE CASE UNTIL BETTER ECONOMIC**
10 **TIMES?**

11 A. Certainly, we all would prefer this rate proceeding to take place in the
12 most favorable economic times. But no one can say when those times will
13 be. In 2018, when the merger was proposed, base electric rates were already
14 six years old. They were not sufficient to cover the Company's costs of
15 operating its system going forward. And that fact was not concealed by
16 Dominion Energy, Inc. It was openly discussed at the time. In the merger
17 order, the Commission ordered DESC to "freeze electric base rates at current
18 levels until January 1, 2021, with its first post-merger rate case *to be filed in*
19 *2020.*" Order No. 2018-804(A) at p. 97 (emphasis added). Because of the
20 pandemic, we sought the Commission's blessing to further delay that filing

1 until August 15, 2020, with the expectation that disruption from the
2 pandemic would have peaked before the end of this fall.

3 But that has not happened. Defeating the pandemic has been much
4 more difficult than anticipated. It now appears that multiple vaccines are
5 about to become available, and if so, then it is likely that the pandemic will
6 resolve itself in 2021.

7 We think that South Carolina's approach to the pandemic has been a
8 good one. The leaders of our state have repeatedly emphasized that we
9 should encourage business to carry on as much as possible with normal
10 operations so that the economic effects of the pandemic do not make its
11 effects worse than they have to be. That approach has worked well to date.
12 In this proceeding, we ask the Commission to let us continue to use the
13 regulatory process as it was intended to insure that the cost of operations and
14 investment in utility assets can be recovered and we can continue to justify
15 on-going investment in the system to the investors who provide the required
16 capital. This is good economic policy.

17 A delayed rate case will require a second one, which could be larger
18 than this one. The impression among customers that current rates are
19 sufficient will become more ingrained. And what could eventually be a
20 higher percentage increase will hit customers harder.

1 As discussed in my earlier testimony, since the start of this year, the
2 Company has greatly expanded its funding for the Company-sponsored
3 programs that Ms. Freeman administers. In addition, the Company has more
4 than doubled its spending on energy efficiency programs for low and
5 moderate income customers and outreach to them through its new Demand
6 Side Management programs. We have agreed to study the cost-effectiveness
7 of further expanding these programs. The Company also instituted a no-
8 disconnect, no non-payment penalty policy during this pandemic. We did so
9 before any regulatory action required it, and we maintained it well after being
10 authorized to return to normal operations. These are appropriate responses
11 to the pandemic. Continuing to charge rates that do not reflect the cost of
12 providing power to the people we serve would not be appropriate.

13 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14 **A. Yes, it does.**